

## **DRAFT MEETING SUMMARY (v.2)**

*DRAFT - NOT APPROVED BY COMMITTEE*

**HANFORD ADVISORY BOARD  
JOINT MEETING OF THE BUDGETS & CONTRACTS AND  
RIVER & PLATEAU COMMITTEES  
November 7, 2001  
Richland, WA**

<b>Topics in this Meeting Summary</b>
---------------------------------------

Introduction.....	1
Draft Request for Proposal (RFP) for the River Corridor Contract.....	1
Update on the Ad Hoc Task Force.....	6
DOE-RL FY02 Budget Update.....	6
TPA Disconnects .....	7
Work Planning and Wrap Up.....	8
Handouts .....	9
Attendees.....	9

<i>This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.</i>
---

### **Introduction**

The joint meeting of the Budgets & Contracts (B&C) Committee and River & Plateau (R&P) Committee convened in the Richland City Council Chambers. Chair of the B&C Committee Harold Heacock opened the meeting and made announcements. The Secretary of Energy was in Hanford on a whirlwind tour that does not include meeting with the Hanford Advisory Board (HAB). The Ad Hoc Task Force would be meeting on Thursday, November 8<sup>th</sup> at 8:30 am in Room 142 of the Richland Federal Building. Members of the two committees introduced themselves.

### **Draft Request for Proposal (RFP) for the River Corridor Contract**

A draft of the RFP for the River Corridor Contract has been issued for public comment. On October 31<sup>st</sup> the Department of Energy – Richland Operations Office (DOE-RL) briefed HAB issue managers on the contract. Harold Heacock distributed the slides from that briefing, a press release, a letter to prospective offerors, a question & answer sheet on the RFP and copies of relevant HAB advice and responses.

Beth Bilson, DOE-RL, provided a high level summary of the draft RFP on behalf of Bob Rosselli, DOE-RL, who could not attend the meeting.

Comments on the draft RFP are due on November 14<sup>th</sup>; with an exception for the HAB should it wish to provide advice at its December meeting. DOE-RL will consider other comments until around the middle of December, when the RFP will be submitted to Department of Energy Headquarters (DOE-HQ). The final RFP will be released around January 23, 2002. Changes after that point will only occur at contract award and will entail a renegotiation, which DOE-RL would prefer not to do. Proposals are due April 1, 2002. If no oral discussions are necessary, the contract will be awarded July 1, 2002 and the transition period would be completed by October 1, 2002. If oral discussions are necessary (such as if there are misunderstandings or a lack of competition), the schedule will be delayed.

- Keith Smith asked whether the new contractor would have to build more site infrastructure. DOE-RL assumes the contractor will use Site Services for infrastructure.

Phase I of the contract focuses primarily on the 100 Area and one critical path item in the 300 Area, meets the requirements for continuous remediation, uses the Bechtel baseline, and will clean up the high priority liquid phase areas. DOE-RL would like feedback on the scope of Phase I, especially from the regulators. Phase II is longer term with less definition.

- Bob Larson asked about the uncertainty of the burial grounds contents. Beth Bilson agreed that there is uncertainty. DOE-RL does not expect to discover remote handled transuranic waste (RH-TRU), but it could change the contract's scope if the complexity of burial grounds is significantly different than initially believed. Dennis Faulk, Environmental Protection Agency (EPA), expressed that EPA has a high level of comfort with the 100 Area work scope and believes they can handle most waste streams.
- Dave Johnson asked about the plan for liquid waste disposal. Beth Bilson explained that DOE-RL would execute the Records of Decision (RODs) that currently exist. The plan is to excavate to a predetermined stopping point and move the waste to the Environmental Restoration Disposal Facility (ERDF) in the 200 Area. In the 100 Area the plan is to backfill and the 300 Area will be re-contoured.

DOE-RL has the sole right to exercise the option on Phase II, but cost can be renegotiated. An independent cost estimate was performed by the U.S. Army Corps of Engineers and is available on the website. At 80% confidence, the estimated cost of Phase I is \$1.509 billion and Phase II is \$1.252 billion. The schedule assumptions are that Phase I will take eight years and Phase II will last four years, but the two phases are not mutually exclusive. It is assumed that more funding is applied later in the contract, to accompany the "ramp up" in activities in 2005 and 2006. The estimate was published for information, but the bidders will have to evaluate those estimates.

- Gordon Rogers asked what DOE would do to get Congress to buy into this funding level. Beth Bilson said the funding is in response to Congressional

requests. DOE-RL is focused on gaining support from DOE-HQ on funding, and then on Congressional support. Bob Card is touting this project as his success.

Beth Bilson emphasized that DOE-RL is seeking competition. Meeting schedules are posted on the web and DOE-RL is meeting individually with prospective offerors.

- Keith Smith asked how DOE-RL could encourage competition for Phase II, since the Phase I contractor will be the logical choice. It was explained that DOE-RL has the unilateral option.

This is a Closure Contract, which means the focus is not on process, but on end points defined by the scope of work and TPA milestones, including those currently being negotiated, which will be in the final RFP. DOE-RL is trying to make the work scope clear and scope requiring technological advances is excluded.

- Dirk Dunning inquired on management intervention. Beth Bilson assured him that DOE-RL still has the ability to stop work and the contract includes the “killer clause.” DOE-RL is borrowing heavily from the vitrification plant contract.
- Denny Newland asked if the contract imposes DOE orders. Beth Bilson said yes, but it is a limited list. DOE-RL is currently deciding which orders will be imposed; it would like to include as few orders as possible and is open to comments.
- Bob Larson asked how the orders could be changed. He was informed that the orders are changed to whatever DOE regulations are at the time. If new orders were imposed, there would be a renegotiation. DOE-RL reserves the right to impose stricter orders, but acknowledges that it impacts cost to comply. Each individual order lists which entity (local DOE office or DOE-HQ) has the authority to waive.

Phase I is a Cost Plus Incentive Fee (CPIF) type contract, which means the contractor is incentivized to finish work. It is not a fixed price contract; if the contractor costs too much, DOE-RL must pay. Contractors will bid on the cost of doing all the work. DOE-RL will not award on cost alone. Phase II is a Fixed Price Incentive Successive (FPIS) targets contract, which is a new type useful when the cost of work is vague because it allows later negotiation of cost.

- Jim Cochran asked if bidders must make an offer for Phase II at the same time as Phase I. Beth Bilson said yes, but it is only used in a minor way to determine the FPIS. Rick Puthoff, DOE-RL, said DOE-RL expects the offers to be quite high, but would be negotiated downward as the cost of Phase II is better understood.
- Bob Larson expressed confusion on what happens to the letter of credit in Phase II.

Beth Bilson explained that the fees for the two phases are calculated differently. Phase II cost calculations do not affect the Phase I fee. If the cost comes in below bid cost, the contractor takes home 30 cents on the dollar and DOE-RL gets 70 cents on the dollar. If

the cost is higher, the contractor loses 20% of its target fee for each dollar above that range. The minimum fee is 2% and the maximum is about 15%.

- Gerry Pollet expressed concern that the target cost for the contract is based on large contingencies on top of other contingencies. Beth Bilson clarified that cost estimate started from the Bechtel and Fluor baselines and then 20% contingency was added.
- Gerry Pollet asked about DOE's rules and guidance in situations with fee above 5% and why a Cost Plus situation would start with any fee above 5%. Beth Bilson explained that the goal was to obtain a contractor that will be a tough manager to secure a lot of fee. She noted that DOE-RL is using the highest fee guidelines in DOE.
- Gerry Pollet pointed out that the fee guidelines are for technical challenge and high risks, but Phase I does not have high risks. Beth Bilson emphasized that DOE-RL wants to close the River Corridor and believes that will happen sooner if it adequately pays the contractor. Beth Bilson stressed how important it was to DOE to get a quality contractor, and their willingness to pay for that quality.
- Bob Larson urged DOE-RL to require that project managers remain on the contract for five years instead of two years. He also pointed out that it sends the wrong message to let the contract until 2015 if the work is supposed to be finished by 2012. Beth Bilson agreed and suggested he submit an official comment. The length of the contract relates to the pragmatic issues of not receiving adequate funding for the project.
- Maynard Plahuta asked if DOE-RL had attempted to secure funding on a multi-year basis. Beth Bilson said DOE-RL would like to be in the protected status of a closure project. DOE-RL has not sought a multi-year appropriation along lines of capital project; it takes three years to get a capital appropriation and DOE-HQ has not been supportive.
- Gerry Pollet asked if the contract says anything about schedule. Beth responded that the schedule is implicit; it is cheaper to complete the work faster. The final RFP will include TPA milestones as schedule drivers.
- Dirk Dunning asked about the rate of payment on the contract. Rick Puthoff explained that payment is a percentage of the minimum target cost, measured against the baseline created by the contractor.

### ***Regulator Perspective***

#### **EPA**

- Dennis Faulk, EPA, commented that the EPA presence would be heavier in the field to get the assurances. He expressed a high level of comfort with work currently in progress in the 100 Area and noted that it may take a bit longer to get that same level of comfort with a new contractor.
- Mike Goldstein, EPA, said EPA is evaluating the Independent Cost Estimate from the Army Corps of Engineers. EPA had concerns on cleanup and double-counting contingencies. EPA will probably focus its comments on the Phase I and II work scope to make sure EPA's priorities match. EPA plans to develop more specific comments for DOE-RL.

### **Washington State Department of Ecology (Ecology)**

- 1) Ecology emphasized that TPA milestones drive the work. Renegotiated TPA milestones will be included in the RFP. If the contractor's schedule will be faster than the TPA schedule, Ecology will be flexible enough to negotiate milestones.
  - 2) The structure of Phase I and Phase II could be fine tuned when the contractor proposes initially and then again nearer Phase II.
  - 3) The contract executes a fixed scope of work and the key result is to be finished cleaning up several areas, which includes groundwater issues that Ecology and EPA see as happening in the 2015 timeframe.
- Beth Bilson said some groundwater issues are in the RFP and some are in the Fluor River Protection Project contract. From the RFP, DOE-RL intentionally removed work scope relating to infrastructure and long-term issues (such as groundwater). Gerry Pollet pointed out that the HAB advised DOE-RL to integrate the work scope and not preempt groundwater decisions. Starting groundwater remediation in 2015 is not consistent with the TPA. The Ecology representative said 2015 is not a firm date.
  - Denny Newland observed that the River Corridor Contract is not really a closure contract; it is a fixed scope work contract.

### ***Issues and questions***

Facilitator Penny Mabie, EnviroIssues, led the committees through an exercise to identify remaining questions and issues to incorporate into advice. Gerry Pollet will shepherd the advice points into advice before the next committee call. Keith Smith will seek answers to the questions.

### ***Potential Advice Points***

- 1.a. Length of contract – end by 2012 (not 2015)
- 1.b. Why contract through 2012? Why not a 5-year contract with an option to extend?
- 2.a. Does/should the contract drive the priorities on the site regarding funding?
- 2.b. DOE / DOE-HQ not pushing hard for multi-year funding commitments
- 2.c. Priorities for cleaning up 100 Areas – including groundwater and lack of integration into contract. (current baseline has GW by 2015)
- 2.d. Different priorities about big-ticket items will cause competition between milestones if there is not enough money for all. Does this contract make it required to do this work first? Ex: PFP, K-Basins.
- 2.e. Target budget (\$150 million) – is the assumption too limiting for TPA work?
- 3.a. End point definition is different – some work will not be done (not a true closure contract).
- 3.b. Closure contract terminology implies too much – example: closure, end states. Change the name of the contract to “scope-of-work” contract, not closure.
- 3.c. The contract doesn't prepare for deletion off the National Priority List – it is misleading regarding “closure”.
- 4.a. Fees are high – outside of DOE's fee guidance. (inconsistent with principle of fee tied to amount of risk)
- 4.b. Phase 2 profits and cost-sharing profit are based on today's target cost.
5. Appropriate TPA milestones must be included
6. Required times on the project for key personnel should be lengthened
7. DOE should be responsive to bidders' concerns and adjust the RFP accordingly to encourage competition.

8. Not sure if the proposed mechanism will get the desired results.
9. No commitment to have fee-at-risk due to retaliation against workers raising safety issues.

**Questions:**

- Considering costs – what slowdowns will have to occur at other parts of the site? Are trade-offs identified? When will they be identified?
- Overlap in moving from Phase 1 to Phase 2 – how will it be funded?
- What happens to the letter of credit in Phase 2?
- What happens if DOE decides not to exercise the Phase 2 option?
- If an EPA 5-year review calls for additional work, how is that addressed in this contract?
- What if K basins are not done on time?

**Update on the Ad Hoc Task Force**

Gerry Pollet reported on the Ad Hoc Task Force, as he had attended a meeting to plan the inaugural meeting of the Task Force. So far there is agreement to charter a task force and outline the products, timeline and need for facilitation. EPA went through the pending decisions and timelines, which resulted in some 100 and 300 Area TPA scheduling surprises. The Task Force should look at remediation, risk assessment and exposure scenarios, implications for the cleanup schedule, and TPA negotiations. The Task Force should understand what notices are needed during public comment period. The next step is to extensively define exposure scenarios and time periods.

The chartering meeting of the Ad Hoc Task Force will be at 8:30 am in the Richland Federal Building, Room 142. Gerry Pollet and Gariann Gelston put together a list of possible products. There are a lot of questions about how to involve other constituencies and agencies and how to facilitate the group, since the HAB's facilitation support is through a fixed price contract and the Task Force will need significant additional facilitation and resources for this process.

All HAB members are invited to join the Task Force, but the group should include more than just HAB members. Another assumption is that HAB committee work can be deferred to allow time and resources of HAB members.

**DOE-RL FY02 Budget Update**

Bob Tibbats, DOE-RL, presented an update on the DOE-RL FY02 budget. The government is operating under a fourth continuing resolution through November 16<sup>th</sup>. The Appropriations bill is awaiting presidential signature. It looks like DOE-RL will receive \$730 million, excluding \$18 million in supplemental funds from FY01. The bill includes a \$92 million general reduction to be applied over the whole DOE-Environmental Management Defense budget (does not affect closure projects); DOE-RL's share of that reduction is about \$12.5 million and would be subtracted from the \$730 million. The bill also includes a \$20 million reduction to come out of un-costed funds, which will probably not affect DOE-RL. Of the \$18 million supplemental budget from Congress, \$10 million is for the Spent Nuclear Fuel Project, \$5 million is for the Plutonium Finishing Plant, and \$3 million is for interim safe storage of the N reactor.

For FY02, DOE-RL requested \$585.7 million. The Senate added \$20 million and Conference took \$15 million away. The final appropriation was \$748.8 million, which is about \$13 million short of the Hanford 2012 plan.

The Conference language increased the Oregon Grant to \$600,000. The Senate language proposed funding the hazardous waste worker program and HAMMER at FY01 levels, but the reference to HAMMER was dropped at conference. DOE-RL does not fund the hazardous waste work program. Bob did not believe HAMMER funding would be affected, but it was not a certainty.

### **TPA Disconnects**

Mike Schlender, DOE-RL, was present to answer questions from the committees. He explained that the Cleanup Challenges and Constraints (C3T) effort was initiated to bring the TPA agencies together in a forum without negotiations or enforcement presence. It was intended as an effort to get information and focus on the key constraints to cleanup. The constraints were captured in a June 26<sup>th</sup> workshop and culled down into four initiatives. A subgroup was assigned to work on each initiative and the result of one of those groups was a complete listing of disconnects between the TPA and contracts. Identifying disconnects and gaps in logic/planning could result in a comprehensive strategy for cleanup. The intention was to start with Agreements in Principle (AIP) that would lead to public involvement activity and eventually align the TPA. In sum, the C3T process prompted near-term action on TPA alignments. Now the focus is turning toward vision, so C3T needs feedback from the HAB and others.

### ***Committee Questions***

- Gordon Rogers asked how non-participants could stay aware of C3T activities and progress. Mike Schlender answered that C3T would work primarily with the HAB River and Plateau Committee. He was open to suggestions on how to involve others.
- Gerry Pollet commented that the HAB agreed to only observe at C3T meetings because C3T addressed end states and the HAB instead decided to assist in exposure scenarios of the Central Plateau.
- Shelley Cimon asked DOE-RL and the agencies when they would begin an aggressive forum to address groundwater. Dennis Faulk, EPA, responded that he hopes the HAB will tell the TPA agencies that groundwater is important through the upcoming negotiations. Mike Schlender responded that C3T did not want to duplicate any efforts of the Central Plateau Risk Framework group. DOE-RL needs a more balanced approach with groundwater. Shelley emphasized the importance of understanding how the River Corridor contract will financially impact the groundwater effort.
- Dirk Dunning commented that the Groundwater Vadose Zone Integration Project had created a model, but the modelers do not believe the model and are now changing parameters.

### ***Regulator Perspective***

#### **EPA**

Dennis Faulk, EPA, commented that the list of disconnects was helpful because it resulted in negotiation of an AIP for the 100 and 300 Areas and soon an AIP for the 200 Area. He suggested the HAB get involved.

#### **Ecology**

John Price, Ecology, asked how the list of disconnects would be incorporated into the River Corridor contract. Mike Schlender responded that there is a meeting to evaluate that.

Jane Hedges, Ecology, summarized other areas of concern.

- There is a disconnect in the 200 Area between RCRA waste sites and the cleanup process in that the tanks in the area are scheduled to be cleaned up by 2008.
- Processing, handling, and disposing the Mixed-Low Level TRU waste. There are negotiations underway for the M-91 milestone.
- 200 Area facilities and transition work related to the Canyons Disposition Initiative, vitrification plan, Single Shell Tank capacity.
- There is a disconnect with groundwater remedial action. Currently the actions do not meet the remedial objectives so the agencies should consider more aggressive action.

Melinda Brown, Ecology, commented that until the final budget is known Ecology will continue to advocate securing funding for TPA commitments.

### ***Committee Discussion***

- Gerry Pollet asked if the C3T process was developed to develop cost savings. He was concerned because he understood that the C3T process was initiated to preempt DOE-HQ's top to bottom review, not to resolve cost and management issues for DOE. Mike Schlender, DOE-RL, said the focus for C3T was defined by the four initiatives identified in June. John Price, Ecology, said Ecology participated recently to ensure DOE-RL's contracts matched the TPA.
- Harold Heacock suggested the committee ask DOE-RL why the disconnects discussed exist and if they are being negotiated.

### **Work Planning and Wrap Up**

A conference call to discuss the RFP advice will be held at 10:00 am Thursday, November 15<sup>th</sup>. The committee intends to produce a first draft of the advice by next week, and then do one iteration of review before presenting the advice to the HAB. There will be no Budgets & Contracts Committee meeting in December. On the Executive Issues Management (EIMG) call, the Budgets and Contracts Committee will request a presentation on the final budget for the full HAB in December.



Gerry Pollet suggested the Budgets and Contracts Committee address baseline updating in January; updating baselines is very expensive, but DOE-RL should be able to get a rough estimate.

### **Handouts**

- Joint Committee Meeting: Budgets and Contracts & River and Plateau, Draft Meeting Agenda; November 7, 2001.
- Richland Operations Office Fiscal Year 2002 Budget Update; November 7, 2001.
- HAB Issue Manager Matrix v3; October 17, 2001.
- Ad Hoc Task Force description (agreed upon at November HAB meeting).
- HAB Consensus Advice #121 on Principles for New and Existing Hanford Cleanup Contracts; June 8, 2001.
- HAB Consensus Advice #115 on Proposed River Corridor Contract and Performance Measures; April 6, 2001.
- E-mail and fax from Tammie Holm to Hanford Advisory Board announcing the meeting of the Ad Hoc Task Force; November 6, 2001.
- Letter from Harold Heacock to the relevant issue managers from the River & Plateau and Budgets and Contracts committees on the DOE-RL Proposed River Corridor Contract; November 6, 2001.
- HAB Budget Process Timeline for FY2002, October 9<sup>th</sup> Revision
- DOE-RL's RC Contract Request for Proposals (Solicitation No. DE-RP06-02RL14300), Section B "Supplies or Services and Prices/Costs"
- DOE News Press Release announcing Columbia River Corridor Phased Closure Contract Draft Request for Proposals Now Available; October 19, 2001.
- Letter from Keith Klein, DOE-RL, to Prospective Offerors; October 19, 2001.
- DOE-RL Presentation on the River Corridor Draft RFP; October 31, 2001.
- Questions for Prospective Offerors; November 7, 2001.
- Matrix of TPA Commitments, Contract Status, Schedule, etc.; November 7, 2001.
- Listing of Issues and Disconnects Received Prior to October 5<sup>th</sup> C3T Workshop
- Transmittal and the three Informational White Papers produced in support of the technical workshops to discuss the Hanford Site Central Plateau Risk Framework.
- "What Values Should Guide Exposure Scenario Decisions in the River Corridor and Central Plateau"

---

### **Attendees**

#### **HAB Members and Alternates**

Madeleine Brown	Dirk Dunning	Gerry Pollet
Pam Brown	Harold Heacock	Denny Newland
Shelley Cimon (phone)	Doug Huston	Gordon Rogers
Jim Cochran	Dave Johnson	Keith Smith
Jim Curdy	Bob Larson	Leon Swenson
Greg deBruler	Maynard Plahuta	Dave Watrous

**Others**

Gail McClure, DOE-RL	Dennis Faulk, EPA	Nancy Myers, BHI
Rick Puthoff, DOE-RL	Mike Goldstein, EPA	Penny Mabie, EnviroIssues
Mike Schlender, DOE-RL	Rick Bond, Ecology	Christina Richmond, EnviroIssues
	Melinda Brown, Ecology	Ruth Siguenza, EnviroIssues
	Laura Cusack, Ecology	Barb Wise, FH
	Jane Hedges, Ecology	Chris Chamberlain, Nuvotec
	John Price, Ecology	